

ANALYSIS

ODOT

I-5 Medium and Heavy-Duty Vehicle Charging and Fueling Grant

Analyst: Michelle Deister

Request: Approve the submission of a supporting federal grant application from the Department of Transportation to the Federal Highway Administration in the amount of \$163,200,000 for charging and fueling infrastructure for medium and heavy-duty vehicles along the I-5 corridor.

Analysis: Existing electric charging is best suited to light duty vehicles. At present, little infrastructure exists to service the 2% of medium and heavy-duty electric vehicles on the road, and signs point to more fleets converting to electrification and clean fuels to comply with states' climate goals. The Department of Transportation (ODOT) is requesting permission to apply as a supporting applicant, along with the states of California and Washington for a Charging and Fueling Infrastructure Discretionary Grant, for which the California Energy Commission will serve as lead applicant. The three states will develop a set of common minimal standards, so that medium and heavy-duty charging and fueling along I-5 will be consistent, reliable, accessible, convenient, and meet all federal requirements

Each state will conduct its own competitive RFP for its portion of the total grant. Oregon's portion of the grant request is \$33.6 million, with a corresponding private sector 20% match which amounts to \$8.4 million. . Assuming the full amount is awarded, the grant would fund a total of 39 total stations between all three states; Oregon's share would allow for four electric charging stations and one hydrogen fueling station.

ODOT will not install, own, or operate any of the charging stations associated with this grant. Instead, this work and subsequent station maintenance will be handled by private sector owners. These private sector funds constitute the 20% match required for this grant, and ODOT will reimburse eligible expenses for station development.

The grant application is due May 30, 2023, and an award date has yet to be determined. If the grant is awarded, ODOT may seek additional expenditure limitation in February 2024 or a future meeting of the Emergency Board.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends approval of the request.

Oregon Department of Transportation

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Request: Authorization to apply for a \$163.2 million Charging and Fueling Infrastructure grant under the Infrastructure Investment Job Act, from the Federal Highway Administration (FHWA).

Recommendation: Approve the request.

Discussion: The Oregon Department of Transportation (ODOT) is requesting authorization to apply for a \$163.2 million Charging and Fueling Infrastructure (CFI) grant in conjunction with the California Department of Transportation (CALTRANS), the California Energy Commission (CEC), and the Washington State Department of Transportation (WSDOT). The CFI discretionary grant program will provide \$2.5 billion in grant funding over a five-year period to eligible applicants. FHWA has indicated the federal funding opportunity is focused on those projects expanding existing or adding new charging and fueling infrastructure for medium and heavy-duty vehicles that will assist in reducing greenhouse gas emissions.

CEC will be the lead applicant with ODOT, WSDOT and CALTRANS as the supporting applicants. The grant notification was posted on March 14, 2023. FHWA is combining grant funds from federal fiscal years (FFY) 2022 and 2023 into one award cycle, with an application due date of May 30, 2023. If the joint application is successful in receiving a grant award, the FHWA will determine which FFY funding would be applied to each state recipient. Grants awarded from FFY 2022 would require funding to be obligated by September 30, 2025 and fully expended by September 30, 2030. Grants awarded from FFY 2023 would have requirement dates one year later.

The overall matching fund for the grant is \$86.8 million and the match would come from private partnerships. The notification only requires a minimum private sector match of 20 percent, which is what Oregon would apply to their portion of the grant award. California requires a private sector match of 50 percent for charging stations located in their state.

The joint application is proposing to construct a minimum of 39 medium to heavy-duty electric vehicle charging stations and two hydrogen fueling stations along the Pacific Northwest I-5 corridor. Five of the charging and fueling stations would be located in Oregon, which includes four electrical vehicle charging stations and one hydrogen fueling station. Each station is expected to have a mix of both medium and heavy-duty charging capabilities. Each Oregon charging station is estimated to cost \$7.5 million, which includes utility upgrades. The hydrogen fueling station is estimated to cost \$12 million. If Oregon was awarded funding for the five charging and fueling stations, the overall projected costs to Oregon would be \$42 million with a federal project funding of \$33.6 million, and \$8.4 million for the private partnership match. The exact locations of the Oregon stations have not been determined but are expected to be located no further than 100 miles apart from one another. If awarded, ODOT may need to return to request additional Federal Funds expenditure limitation.



Oregon

Tina Kotek, Governor

Department of Transportation

Director's Office

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May 2, 2023

Senator Elizabeth Steiner, Co-Chair
Representative Tawna Sanchez, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

NATURE OF THE REQUEST

The Oregon Department of Transportation (ODOT) Policy, Data and Analysis Division, in conjunction with the California Department of Transportation (CALTRANS), the California Energy Commission (CEC), and the Washington State Department of Transportation (WSDOT), requests permission to apply for a Charging and Fueling Infrastructure (CFI) grant established under the Infrastructure Investment and Jobs Act (IIJA) for \$163 million from the Federal Highway Administration (FHWA). The CEC is the lead applicant, and ODOT, WSDOT and CALTRANS are supporting applicants.

AGENCY ACTION

On March 14, 2023, FHWA opened applications for the Charging and Fueling Infrastructure (CFI) Discretionary Grant Program. It will provide \$2.5 billion in grant funding over five years to eligible applicants, including cities, local governments, state governments, and Tribes. ODOT has been anticipating the release of this Notice of Funding Opportunity (NOFO) since it began implementing the corridor National Electric Vehicle Infrastructure (NEVI) program, also established by IIJA in November 2021. Applications are due on May 30, 2023, and the award date has yet to be determined.

ODOT has a long history of implementing successful EV charging programs. The West Coast Electric Highway (WCEH) is an extensive network of public electric vehicle DC fast charging and Level 2 charging stations along the West Coast from British Columbia to the California-Mexico border. Stations are located along Interstate 5 (I-5), U.S. Highway 101, and other major roadways in British Columbia, Washington, Oregon, and California. CALTRANS's grant concept, developed in conjunction with ODOT, WSDOT, and the CEC, builds upon these previous successes.

While the WCEH and the NEVI programs are designed for light-duty vehicle charging, this grant concept addresses the growing need for medium- and heavy-duty vehicle charging along the 1,300-mile-long I-5 corridor to drive down greenhouse gas emissions (GHG). According to the Center for Climate and Energy Solutions, medium- and heavy-duty trucks make up only 5 percent of vehicles on the road but account for roughly 24 percent of U.S. transportation GHG emissions.

FHWA responded to this need with several focus areas in the NOFO related to medium- and heavy-duty vehicle charging. Specifically, the NOFO references Zero Emissions Corridors for medium- and heavy-duty vehicles that seek to connect national freight corridors, like I-5, with local delivery providers and fleets, such as urban depot charging for light- and medium-duty vehicles. Additionally, FHWA has indicated that applications designed to build-out fuel corridors by expanding existing or

adding new charging and fueling infrastructure for medium- and heavy-duty vehicles will be highly rated in the review process.

Preliminary cost estimates completed by CALSTART in 2020 for their study on a West Coast Clean Transit Corridor Initiative (WCCTCI) indicate \$2.95 million for a station that supports ten medium-duty charging ports capable of providing 350 kilowatts (kW) each simultaneously, and a cost of \$7.3 million for a station that supports ten heavy-duty charging ports capable of providing 2 megawatts (MW) each simultaneously. As the I-5 corridor CFI application charging stations are likely to be a mix of medium- and heavy-duty chargers, the CEC estimates that each station will cost roughly \$7.5 million in Oregon and Washington, and \$5 million in California, with the difference being due to anticipated utility upgrades. ODOT anticipates that for the \$163 million grant, ODOT, CALTRANS, and WSDOT, in partnership with a private contractor, will construct a minimum of 37 medium- and heavy-duty charging stations along the I-5 corridor, representing a substantial increase in available charging for medium- and heavy-duty vehicles. If the full funding request is approved, four of these charging stations will be located in Oregon along I-5.

Grant Request:	\$ 163 million
Matching Funds:	<u>\$ 87 million</u>
Total Project Cost:	\$ 250 million

All matching funds have been committed by private partners and will not impact the State Highway Fund. While the NOFO requires a minimum private sector match of 20 percent, California requires a private match of 50 percent for charging stations located in that state, resulting in the \$87 million match. FHWA will reimburse CFI program grant funds to recipients after a project agreement has been executed, allowable expenses are incurred, and valid requests for reimbursement are submitted. FHWA is combining grant funds from 2022 and 2023 into one application, due May 30, 2023. FHWA will determine the grant year from which the funds are disbursed to each awardee, which will in turn determine the obligation and expenditure deadlines. All awards of fiscal year 2022 funding are available for obligation through September 30, 2025, and must be expended by September 30, 2030. All awards of fiscal year 2023 funding are available for obligation through September 30, 2026, and must be expended by September 30, 2031. This project, focused on medium- and heavy-duty vehicle charging, is unlikely to move forward without the awarding of this grant. If awarded, ODOT may need to return for additional expenditure limitation; no additional positions will be needed.

ACTION REQUESTED

ODOT requests approval to participate in a multi-state CFI grant application to FHWA for \$163 million in IIJA funds.

LEGISLATION AFFECTED

None.

Sincerely,



Kristopher W. Strickler
Director